Alberta

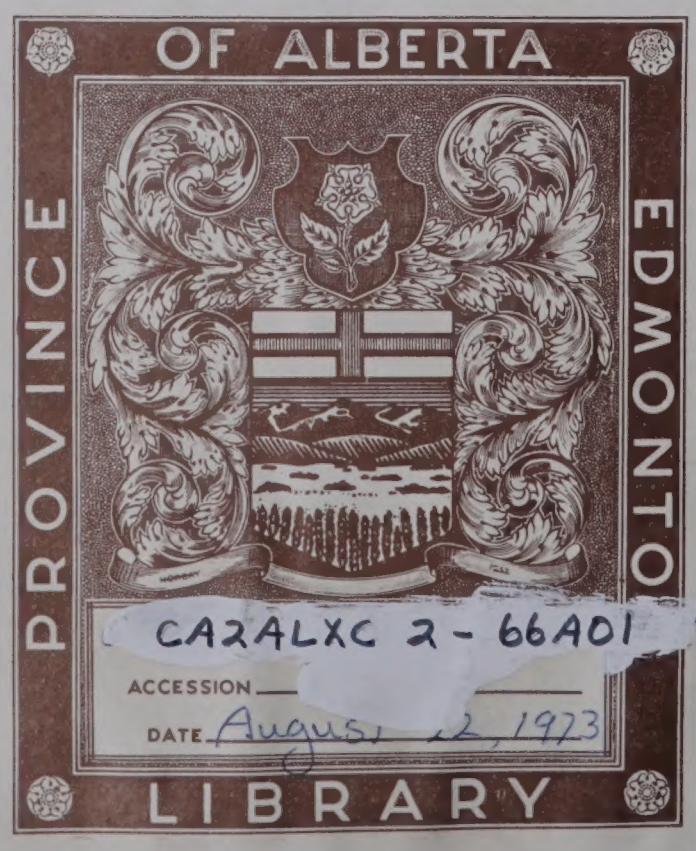
REPORT OF THE LEGISLATIVE COMMITTEE

APPOINTED TO EXAMINE

INTO

MATTERS RELATING TO AUTOMOBILE INSURANCE

1966



S.P. 105/66

Edmonton, Alberta,
April 14, 1966.

To the Legislative Assembly,
Edmonton, Alberta.

Dear Sirs:

I beg to present herewith the Report of the Legislative Committee which was appointed on Monday, March 14th, when the Legislature unanimously adopted the following resolution which was introduced by the Honourable Mr. Manning, Premier and Attorney-General, and seconded by the Honourable Mr. Aalborg, Provincial Treasurer:

"Whereas public concern has been expressed with respect to the steadily rising cost of automobile insurance and problems encountered by various categories of automobile owners in obtaining insurance, and

"Whereas it is desirable that these matters be examined into to ascertain if effective steps can be recommended to alleviate the circumstances which are causing concern,

"Therefore, be it resolved that a committee of this Legislature be constituted comprised of the following members:

Hon. Taylor, Chairman
Senych
Benoit
Ludwig
Henderson
Hinman
Lamothe
Delday
Maccagno
Switzer

to examine into such matters relating to automobile insurance as it deems expedient, having regard to the public concern that has been expressed,

"And be it further resolved that the said committee meet at the call of the chairman and report it's findings and recommendations to the Legislature before the prorogation of the present session."

Sincerely yours,

GORDON E. TAYLOR
MINISTER OF HIGHWAYS
CHAIRMAN OF COMMITTEE

SCOPE OF INQUIRY

In planning the Scope of Inquiry the Committee pinpointed the following items as being the main factors causing concern to the general public:

(1) The amount of the premium;

(2) Three premium increases in less than a two year period;

(3) The matter of cancellations of policies and/or the non-renewals of policies without a reason being given;

(4) The matter of persons with clear or good driving records, including those under 25 being forced on to the Assigned Risk Plan;

(5) The matter of competition in the amount of the premiums and the matter of a possible combine existing in the insurance industry;

(6) The matter of the high cost of repairs and parts;

(7) The matter of increasing the premium after one accident, particularly after a two year or more "accident free" "conviction free" period;

(8) The extra charges levied when a Certificate of Financial Responsibility is required;

(9) The matter of reducing accidents;

(10) The matter of getting the irresponsible and incompetent driver off the road;

(11) The design of automobiles and their effect on the cost of insurance;

(12) The relative merits of financial responsibility laws, compulsory insurance laws, government insurance;

(13) The matter of Green Certificates;

(14) The difficulty of drivers under 25 years of age to get insurance and the high cost of same;

(15) The matter of commission for agents;

(16) The matter of bankruptcies among the automobile insurance companies in the province;

(17) The basis for the claim that most if not all automobile insurance companies are losing money even with the present high insurance rates;

(18) The matter of compensation without regard to fault (Automobile Compensation Boards);

(19) The matter of driver licensing;

(20) The matter of categories and classes (Is the principle of insurance being lost?)

ITEMS USED TO DETERMINE THE AMOUNT OF A PREMIUM

The final premium is calculated by using the relevant information contained in each of the following:

A. Rating Territories

In Alberta there are five Rating Territories as follows:

(1) Territory 1 which includes the City of Calgary and the area immediately south of the City to the general vicinity of Highway 22 Priddis Road.

(2) Territory 2 which includes the City of Edmonton, the Griesbach Barracks area, Sherwood Park, St. Albert, and in general, the area between Edmonton and St. Albert.

(3) Territory 3 which includes the general areas of Banff, Camrose, Drumheller, Lethbridge, Medicine Hat, Penhold, Red Deer, Suffield and Wetaskiwin.

(4) Territory 4, the remainder of the Province of Alberta excluding Territory 5.

(5) Territory 5, the Peace River Block and the entire portion of the Province of Alberta lying north of Latitude 55° North.

B. Classes (purposes for which the vehicle will be used and age of principal driver). The classes are generally as follows:

Class A.

(a) Pleasure.

(b) Applicant and principal operator 25 years of age or over.

(c) No male driver under 25 years of age.

(d) Not more than two drivers per automobile in the household.

(e) Automobile not used for driving to and from work.

(f) Average and anticipated mileage not exceeding 10,000 miles per annum.

Class B.

(a) Pleasure.

(b) Applicant and principal operator 25 years of age or over.

(c) No male driver under 25 years of age.

(d) Not more than two drivers per automobile in the household.

(e) Automobile not used for driving to or from work more than 10 road miles one way.

Class C.

(a) Pleasure.

(b) Applicant and principal operator 25 years of age or over.

(c) No male driver under 25 years of age.

Class D.

(a) Business or business and pleasure.

(b) Applicant and principal operator 25 years of age or over.

(c) No male driver or operator under 25 years of age.

Class E.

(a) Pleasure or business and pleasure.

(b) Applicant and principal operator 25 years of age or over.

Class G.

(a) Married male applicant or principal operator under 25 years of age, residing with his spouse.

or

(b) Female applicant or principal operator under 25 years of age.

Class H.

(a) Single Male applicant or principal operator under 25 years of age.

C. Driving Record, as follows:

(a) "CLEAR" RECORD for the three years immediately prior to the effective date of the policy or any renewal thereof;

(b) "CLEAR" RECORD for the two years immediately prior to the effective date of the policy or any renewal thereof;

(c) "CLEAR" RECORD for the one year immediately prior to the effective date of the policy or any renewal thereof;

(d) Risks not qualifying for the above.

D. Rating Groups

The rating groups classify every vehicle - year, make, and model. The private passenger cars are placed in one of eight or nine possible groups.

Possible scores:

The balance between cues are placed in one of order to show

the certain scores circle each respite - real cope and model.

D. Further Cues

(a) Cues not clearly put for the space:

the effective date of the bottle or our account current;

(b) "CLEAR" SECOND for the one area immediately before to

the effective date of the bottle or this account current;

(c) "CLEAR" SECOND for the two areas immediately before to

the effective date of the bottle or this account current;

(d) "CLEAR" SECOND for the three areas immediately before to

the effective date of the bottle or this account current;

C. Distinct Cues as follows:

(a) single date embrace or particular observed under 55 years of age.

Class B:

(b) Cues obligation or particular observed under 55 years of age.

(c) Cues obligation or particular observed under 55 years of age

or the single date embrace.

Class C:

(d) Obligation and particular observed to 55 years of age or more.

(e) Presence of problem and difficulty.

Class D:

(f) Obligation and particular observed to 55 years of age or more

(g) Presence of problem and difficulty.

Class E:

(h) No date given to observe cues to 55 years of age.

(i) Obligation and particular observed to 55 years or more.

(j) Presence of problem and difficulty.

Class F:

(k) No date given to 55 years of age.

(l) Obligation and particular observed to 55 years or more.

(m) Presence.

Class G:

DEFINITIONS

(a) Committee - in this Report means the Legislative Committee appointed by the Legislature to examine into matters relating to automobile insurance;

(b) The Green Book - the book containing automobile accident statistics that is published annually. The Superintendent of Insurance in each Province has directed that every company selling automobile insurance in the Province must report the data to the Statistical Agency. This Agency combines the experience of all companies writing automobile insurance and publishes it's findings in the Green Book. The Green Book is then used as the basis for setting rates;

(c) C. U. A. - Canadian Underwriters' Association;

(d) Synthetic Fleet - fleet composed of vehicles belonging to people who do not have common ownership of the said vehicles as opposed to a fleet of vehicles belonging to one owner.

BACKGROUND INFORMATION

1. Object of Insurance.

The objective of automobile insurance is to enable a large number of people to protect themselves against the economic loss of an automobile accident through the payment of a relatively small amount. The total amount which all automobile drivers collectively pay for their insurance must be at least equal to the amount paid out on behalf of those who have accidents plus the cost of operating the business. This principle applies whether automobile insurance is sold by private companies or by Government.

The total amount of the insurance premium should therefore reflect quite accurately the total experience of those carrying the insurance.

2. Recent Increases in Rates in Alberta.

Automobile insurance rates in Alberta were increased by some 12% January 1, 1965, and by an additional 10% August 1, 1965, and by an average of 6.4% on January 1, 1966. The 1966 increase in Edmonton was 5%, while in the Calgary area it was 10%; there was also a 10% increase in the Banff, Camrose and Drumheller areas, while other parts of the Province averaged a 4% increase; only the far North and Peace River territory maintained the 1965 rates.

3. Primary Purpose of Committee.

The Legislative Committee considered that it's primary function was to endeavour to find an area or areas through which automobile insurance, particularly with reference to public liability and property damage which is required by many by legislation, could be secured at a reasonable premium.

4. How Are Rates Established?

The present method of establishing rates has been developed over the years by the insurance industry. The history of this goes back to the early 30's in Ontario at which time there was public concern over automobile premiums and the stability of the industry. Up to that time, each company set it's own rates based generally on it's own experience. The matter was studied by the Hodgins Committee and Judge Hodgins in his report criticized the industry; he felt that something should be done that would give all of the companies and the public factual information upon which rates could be set.

The Superintendent of Insurance for Ontario directed that a Book of Statistics be prepared; he set up an Advisory Committee from the insurance industry to prepare the Book. This was the beginning of the Advisory Committee to the Superintendents of Insurance and the beginning of the Green Book.

The first Green Book was produced about 1934 and it has been produced every year since.

In line with the practice followed by every Superintendent of Insurance in every Province in Canada, the Superintendent of Insurance for Alberta, using the authority contained in the Alberta Insurance Act, has directed that information and data be supplied to the Statistical Agency. Every company in the Province is obliged therefore to forward this information to the Statistical Agency each year. The Alberta Insurance Act gives the authority to the Superintendent of Insurance to supply data to whatever body he directs.

The Statistical Agency consists of the following:

3 Members of the Canadian Underwriters' Association

3 Members of the Independent Conference

3 completely independent members

3 liaison members

The Agency is chaired by an employee of the Canadian Underwriters' Association and the cost of the Agency is paid by the insurance companies.

The Statistical Agency serves in two capacities:

(1) As the Advisory Committee to the Superintendents of Insurance. In this capacity, the Agency gathers data and statistics, studies the Provincial experience in total and it's relation to the over-all picture in the whole of Canada, and uses the data supplied by all automobile insurance companies to compile the Green Book. It takes about 10 weeks each Fall to complete this assignment; during this period, the Agency is working for the Superintendents of Insurance even though paid by the insurance industry; the Green Book does not make any reference or contain any data on income earned from unearned premiums, earned premiums or investments or capital invested by the shareholders.

(2) As an Industry Committee for the insurance industry for the balance of the year.

Following the completion of the Green Book, the Canadian Underwriters' Association studies the statements contained in the Book and establishes minimum rates which are then set out in the Canadian Underwriters' Association Rate Manual (C. U. A. Rate Manual). These minimum rates must be followed by all members of the C. U. A; that is, members may sell for higher premiums if they wish but they may not sell for lower premiums.

The Rate-Making Committee works generally on three premises:

(1) That the premium income must be sufficient to meet the claims and other costs;

(2) That the insurance principle must be preserved;

(3) That the rates must be set following an analysis of statistics;

In preparing the rates from data in the Green Book, the Rate-Making Committee takes an average figure of premiums from the largest number of Board Companies and against ; that premium places the actual amount of claims just as if every company had used the said premium; the resulting figure shows what is needed in the way of an increase or a decrease for the next year.

The C. U. A. Rates have generally been adopted by the Independent Conference whose companies write about one-third of the automobile insurance business in Canada and by many of the straight independent companies. In many offices the C. U. A. Manual is used almost entirely.

5. Method of Setting Rates Queried.

The Committee is concerned with the method of setting rates. It is noted that averages only of Board Companies are taken and the rate is set to ensure a profit for all companies. It appears that in good years, the profit is taken out and in bad years, the rates are increased. The premium once set is a mandatory minimum for all C. U. A. Companies regardless of the profit or loss experience of individual companies the previous year. The rates are predicated on a hypothetical formula which is presently 67% for claims and 33% for administration; any amount paid for claims exceeding 67% is considered a loss.

The Committee notes that the formula of 57% for claims and 43% for expenses was used for about 10 years starting about 1955. Since this formula was not changed until about 1965, it would appear that during this period, the companies were making a profit based on the formula; otherwise the formula would surely have been changed.

The insurance industry asserts that it knows of no better way of setting rates than the present method and claims that the industry is suffering losses almost every year. However, the Committee notes that the projection of rates based on the Green Book failed to provide the profit during the first half of 1965 and the industry admits the second increase was not based on the data in the Green Book.

6. Agents' Commission Reduced.

In 1965, the hypothetical formula was changed to 67% for claims and 33% for administration.

The Agents' Association advised the Committee that commissions were reduced from around 15 and 20% to 12½% on automobile insurance premiums. (A very few years ago the commission was 25%). This reduction was mandatory.

While the agents were concerned with this decrease it appears to the Committee that automobile insurance is still a very important item in the over-all income of an agent's office.

The reduction of agents' commission and the change in the hypothetical formula led the Committee to the conclusion that the additional costs had been largely absorbed by the agents with practically no change in the cost of management in the Head Offices of the companies.

7. Synthetic Fleets.

Some criticism was voiced on the matter of synthetic fleets. Such fleets are composed of vehicles belonging to persons who do not have a common ownership of the vehicle. It was stated that persons in one apartment, persons in the same club, persons working for one employer, who formed themselves into a synthetic fleet, were offered automobile insurance on their own vehicle on a fleet basis at 10% less than the normal premium. It was argued that if 50% of the autos were covered in this way, then the other 50% would be required to pay 10% more. It was also stated that a person whose vehicle was insured in such a fleet even though he had a relatively worse record than his neighbour who was not fortunate enough to work for the said employer or belong to the said club, would pay less for his insurance than the neighbour.

It was stated that this form of marketing was on the increase and that it was in fact a discrimination against persons not in a group.

The Committee notes that some Provinces have outlawed insurance for synthetic fleets; present legislation in Alberta permits synthetic fleets.

8. Bankruptcies?

The Committee checked the matter of bankruptcies among insurance companies doing automobile insurance business in Alberta as there appeared to be an impression that many companies were going into bankruptcy, withdrawing, or amalgamating with other companies.

A report from the Superintendent of Insurance indicates that there were 163 companies licensed in Alberta for automobile insurance in 1950, 198 in 1964 and 200 in 1965.

The last company to go bankrupt in Alberta was the Home Insurance Company in 1948. During the period there have been a few withdrawals and a few mergers and a few new entries but it is noted that the overall number of companies has increased since 1950 and remained much the same during the last six years.

It is also noted that about 90% of the companies are Dominion Registered, that is, they are responsible to the Superintendent of Insurance for Canada.

It appears to the Committee that while there has been a lack of competition insofar as the amount of the premium is concerned there has been much competition among the various companies and agencies for lucrative business.

9. Profit or Loss

One of the questions to which the Committee endeavoured to secure answers was whether companies writing automobile insurance were generally suffering a loss or making a profit.

The C. U. A. Companies allege that they were generally suffering a loss; they point to the 67% claims - 33% administration hypothetical formula to prove this.

In going through the Annual Report of the Superintendent of Insurance, it is noted that the Provincial Company writing the highest volume of net premiums in 1965 operated on a 50.97% ratio of net claims incurred to net premiums earned, and that only some 65 of the companies operated on a ratio of more than 70%.

It is also noted that one of the Provincial companies has paid off a deficit of $200,000.00 during the last six years, has lowered it's premiums in all classes except 25 years and under for 1966, and expects to make a profit in 1966. The same company operated on a ratio of 72.31 in 1965. Part of the reason given was selective underwriting by refusal to insure incompetent and irresponsible drivers.

It became evident to the Committee that there were at least two areas through which a company could make a profit:

(1) a profit from underwriting

(2) a profit from investments

It appears that a company could actually lose money on the basis of the hypothetical formula from underwriting for a period of years and at the same time build up a frofitable business through earnings from unearned premiums, etc.

The information received by the Committee failed to disclose to the Committee an accurate picture of overall profit and the financial position of the underwriting companies.

9. Concern

THE COMMITTEE LOOKS WITH CONCERN ON THE FOLLOWING:

(1) The lack of competition in rates;

(2) The large number of cancellations and non-renewals with no reasons given.

It is noted that cancellations occurring during the first 60 days of the policy are not reported and it is in this area where many of the cancellations occur.

In a report tabled by the C. U. A. outlining the policies cancelled after 60 days from the date of issue or renewal in 1964 and 1965 contained broad general reasons.

(3) The use of a hypothetical formula (67% - 33%) as a yard stick for indicating profit or loss.

(4) The number of cases reported to the Committee in which the insured was overcharged at first and a reduction made after the charge was questioned. In one case studied a heavy surcharge was levied after the policy was written and a down payment was accepted because allegedly payment was being made by instalments.

(5) The practice of some companies to endeavour, many times successfully, to negotiate the payment of the claim downwards from that suggested by the adjuster.

(6) The wide margin between low and high estimates given by autobody shops.

(7) The referral of a large number of applicants with clear records to the Assigned Risk Plan.

(8) The lack of policing or disciplining within the Insurance Industry; and policing done appears to come from public pressures.

(9) The purchase of Green Certificates "in desperation" by applicants who tried to secure insurance but became frustrated with delays, red tape, etc.

(10) The absence of the insurance principle in levying excessive premiums under the Assigned Risk Plan.
It is noted that one premium several years ago for P. L. and P. D. was $1,000.00. A few others more recently were noted over $700.00 and over $600.00.
The Assigned Risk Group stated that 90% of the premiums charged now are $200.00 or less.

(11) Contentions submitted to the Committee indicate that there may be a plan by automobile manufacturers to deliberately design vehicles in order to insure a built-in high profit from parts, etc.
The modern car is vastly different from the car of a few years ago; it now involves much chrome and the design of the body of the car makes it difficult to repair it.

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For example, the inside of a panel must be cut off and then welded back on in many makes of cars; the electrical system is generally badly damaged when a door is damaged and becomes an expensive item to repair; the tail lamp because of it's position is now invariably damaged on many cars when there is a rear-end collision. In cars of former days the replacement of a tail lamp cost $2.00 or $3.00 but now it costs as high as $70.00 and $80.00. By changing the position of the tail lamp many would not be damaged at all. Similarly, if head lamps were placed further back in the design of a vehicle, many would not be damaged through collision. It is noted that the cost of radiators has just recently increased by 12%. It now costs $150.00 to carry out repairs to parts of the vehicle in front of the radiator. There are now even among models of the same manufacturer different types of radiators depending on the motors. Again, at one time a rear fender cost $11.00. Now the whole panel must be replaced costing $150.00 or more. The automobile window in a car now adds $100.00 or more to replacement costs.

The prices of parts are set at the factory. The Committee notes that some competition is in evidence, for example, one set of molding is priced at $9.00 while another, claimed to be equally as good, is priced at $4.00.

(12) The change of models every year by manufacturers. This constitutes a large increase in cost initially and increased costs for parts thereafter.

(13) Repairs carried out by some auto body shops.

The excessive use of plastics in doors is deceiving and leads to wrong estimates being given if the car is damaged after the repair; in other cases part of the door falls off because too much plastic was used. It is recognized that there is a use for plastics but it is felt that this use is being abused and indirectly adding to the cost.

(14) The larger than normal increases in premiums for persons with good records who reach the age of 65 or for other unnamed reasons.

(15) The use of statistics to justify charging a higher premium to everyone in a class because a percentage will have an accident.

(16) The practice of charging an increased premium when a Certificate of Financial Responsibility is required by law even though the risk does not change in any way.

(17) The practice of many companies which insist on having all of a person's insurance before writing the automobile insurance.

(18) The reluctance of some insurance companies to write auto insurance for members of the Armed Forces and warrants further investigation.

(19) Policies followed by some companies which have attempted to secure only the "cream" of the automobile insurance business and which cancel a policy immediately the vehicle is in one accident.

This type of Specialty Writing is unfair and adds to the overall cost of insurance as the policy must be handled again by the Industry.

[illegible]

(ii) [illegible]

(iii) [illegible]

(iv) [illegible]

(v) [illegible]

(vi) [illegible]

(20) The practice of many companies to cancel a policy or refuse to renew a policy without giving a reason. The Committee feels that particularly in any case where the insurance company cancels a policy after writing same, that it should be requiredto give a satisfactory reason to the owner and/or to the Superintendent of Insurance. The Committee recognizes that when a company cancels or fails to renew a policy that this places the applicant in a very awkward predicament as he must declare that a policy has been cancelled or refused when applying to another company. It is the belief of the Committee that this practice has become abusive.

(21) Many people still appear to believe that they are buying Government Insurance when they pay the additional $20.00 into the Motor Vehicle Accident Claims Fund for the Green Certificate. The Committee is unable to judge the success or failure of the Plan at this time as it has been in operation only for less than two years.

RECOMMENDATIONS

(1) That the Committee requests the Attorney General to report the Canadian Underwriters' Association to the Director of the Combines Act for apparent price fixing; C. U. A. refuses to permit it's members to sell insurance at a premium lower than the rate set in their Manual. This restricts free competition and therefore appears to be an infringement of Canadian law.

The wide general use of the C. U. A. Rate Manual by the Independent Conference any by many independent companies tends to further eliminate competition in the matter of automobile insurance rates.

[illegible]

(2) That the Executive Council consider setting up a Commission to carry out a full scale examination of the finances of automobile insurance companies (Provincial and Dominion) operating in the Province of Alberta. The Committee has only been able to touch the highlights of automobile insurance which is one facet only of the whole insurance business. The findings of this Committee would appear to justify a further intensive examination. For example, the Committee is not at all satisfied that insurance companies are losing money through the automobile insurance business. The bookkeeping of the companies appears to be highly complicated and losses are indicated through the use of a hypothetical formula.

(3) That the Committee endorses the principle of compensation regardless of fault providing it is made compulsory for all who carry P. L. and P. D. insurance.

The Committee believes that this can become part of the standard automobile policy and provide for basic accident benefits including

(a) payment for loss of life;

(b) limited medical payments resulting from injury;

(c) limited payment of weekly indemnity sufficient to provide the necessities of life while at the same time retaining the right of the individual to go to Court; if, however, a Judgment is given by the Court, then the amounts paid in compensation would be deducted from the Judgment.

The Insurance Industry has prepared a plan along these lines and only legislation is required to implement same.

It is believed that while this would add additional benefits and additional costs that it would greatly reduce the present costs involved in Court action, and in litigation, as well as relieve the present congestion in Courts.

(3)

(4) That the Superintendents of Insurance for the Provinces examine carefully their tie-in with C. U. A.

The Superintendents of Insurance, including the Superintendent of Insurance for Alberta, direct all insurance companies operating in their respective provinces to supply data to the C. U. A. Committee. This Committee is paid by the Insurance Industry and is directed by the Superintendents of Insurance to prepare the statistics for each province. Later these statistics are used as the basis for setting rates. The Committee believes it is necessary to have the statistics prepared as a base for setting premiums but since the C. U. A. Committee deals with the various territories in each province separately consideration should be given by the Superintendents to direct that the Green Book be prepared by a Committee in each province who will not be closely allied to the body that later sets the rates.

(5) <u>That a person, possibly called a Provincial Automobile Insurance Claims Officer be appointed</u>

This person should be in the Insurance Branch and it would be his duty to investigate and process complaints from individuals and companies.

(6) <u>That Insurance Companies be required to process and settle claims within a stipulated period</u>

The Committee believes that 90 days should provide sufficient time to process and settle the great majority of claims; if claims are not settled within this period then the company should be required to state the reason or reasons for the delay and file same with the Superintendent of Insurance.

(7) <u>That Insurance Companies separate payments for property damage claims from claims for injuries</u>

It sometimes takes several months before the full extent of injuries and their effect is known, before a claim can be wholly settled and in practically all cases it takes a much longer period than does the settlement for the property damage.

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(8) That the charging of higher premiums when a Certificate of Financial Responsibility is required by law even though there is no change in the risk be discontinued.

If this practice continues, the Government should consider changing the requirement for a Certificate of Financial Responsibility to evidence of proof of responsibility.

(9) That consideration be given to the removal of the subrogation clauses in the National Hospital Plan.

At the present time a person who, while climbing a faulty ladder, falls and breaks his leg or who gets the D. T's from inebriation receives hospitalization free except for the surcharge; at the same time a person who is injured through an automobile accident must secure payment from the insurance company.

The Committee believes there is merit in shifting the cost of hospitalization from the automobile owners to the taxpayers generally as many persons who are not automobile owners are involved and also because driving is now almost universal.

(10) That higher qualifications be set and stricter examinations given to applicants for an Insurance Agent's licence and that refresher courses be required periodically.

Insurance is a highly complicated business and the people have a right to expect the agent to be well and properly informed.

(11) That insurance companies when cancelling a policy that has already been written, be required to give a reason for the cancellation.

The Committee believes that the individual has a right to know why the policy which is in effect, is being cancelled; if the reason appears unsatisfactory to the individual, he should refer it to the Office of the Superintendent of Insurance.

(12) That all cases of cancellations including those carried out during the first 60 days of the life of the policy be reported to the Office of the Superintendent of Insurance, together with the reason for the cancellation.

(13) That the object of the Assigned Risk Plan be adhered to, namely, to provide insurance for those who cannot secure same on the open market, that is those with irresponsible records. Information supplied by the Assigned Risk Group indicates that more than 2000 policies were written last year under the Plan for persons who had clear (no accident and no convictions) records.

(14) That the Insurance Industry should not place all unmarried male drivers under 25 in the high risk premium classes.

(15) That the Insurance Industry provide an incentive to particularly new young drivers, by returning part of the premium, possibly the surcharge, providing there is no accident or conviction during the year; alternatively, additional surcharges be added if the record shows evidence of an irresponsible driving attitude.

(16) That encouragement be given to the formation of community organizations under Police or other adult guidance to provide an avenue for particularly young drivers to discuss problems, get advice, see films, etc.

The Committee feels that the issuing of safety badges or merit cards to drivers with clean records would be of value.

(17) That the Government give consideration to establishing a Standing Committee of the Legislature at the next session to review automobile insurance.

(18) That automobile manufacturers be required by law to incorporate improved safety features that may be recommended by the Committee set up by the Canadian Government.

(19) That the appropriate Department of Government consider the matter of setting up standards for auto body shops and to carry out periodic inspections to see that standards are being adhered to.

(20) That legislation providing for the following be prepared, designed to remove incompetent and irresponsible drivers from the road.

(a) Where a person has two or more charges for offences such as "driving while under suspension," "driving while disqualified," "driving while impaired," "driving while intoxicated," "criminal negligence" and "dangerous driving" that the Court cancel the person's licence for a five year period;

(b) Where a person, at a later time, has a third conviction for any of these offences that there be a gaol term and cancellation of the licence;

(c) That a proviso give the Court authority to reinstate the licence on a permit basis in extenuating circumstances.

(21) That Driver Training Schools be organized in more communities.

(22) That the Committee recommends further investigation into the advisability and justification for setting by Statute an arbitrary top limit for public liability.

It appears that if such a limit was known that those wishing greater protection could insure for same.

(23) That there be stricter enforcement of traffic laws.

(24) That there be a continuous expansion of present engineering of roads and highways embodying safety features.

(25) That Magistrates make greater use of Traffic Court Clinics.

(26) That every encouragement be given to driver training of high school students extramurally.

(27) That the Department of Education and Curriculum Committee prepare a course (optional) for intermediate high schools on the theory of driving, including courtesy on the road,rules of the road, etc.

(28) That every encouragement be given to safety programs.

(29) That a program for testing vehicles be commenced.

(30) That the office of the Superintendent of Insurance be expanded by legislative authority to look after the public interest as well as to provide for critical analyses of the business of insurance companies.

For example, the Committee believes that this Office should have noted the large number of drivers with clear records who were being forced on to the Assigned Risk Plan and should have taken proper steps in connection with same.

Before concluding this Report, the Committee wishes to thank all who submitted Briefs and letters and the Groups that the Committee requested to appear for the information given.

All of which is respectfully submitted.

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